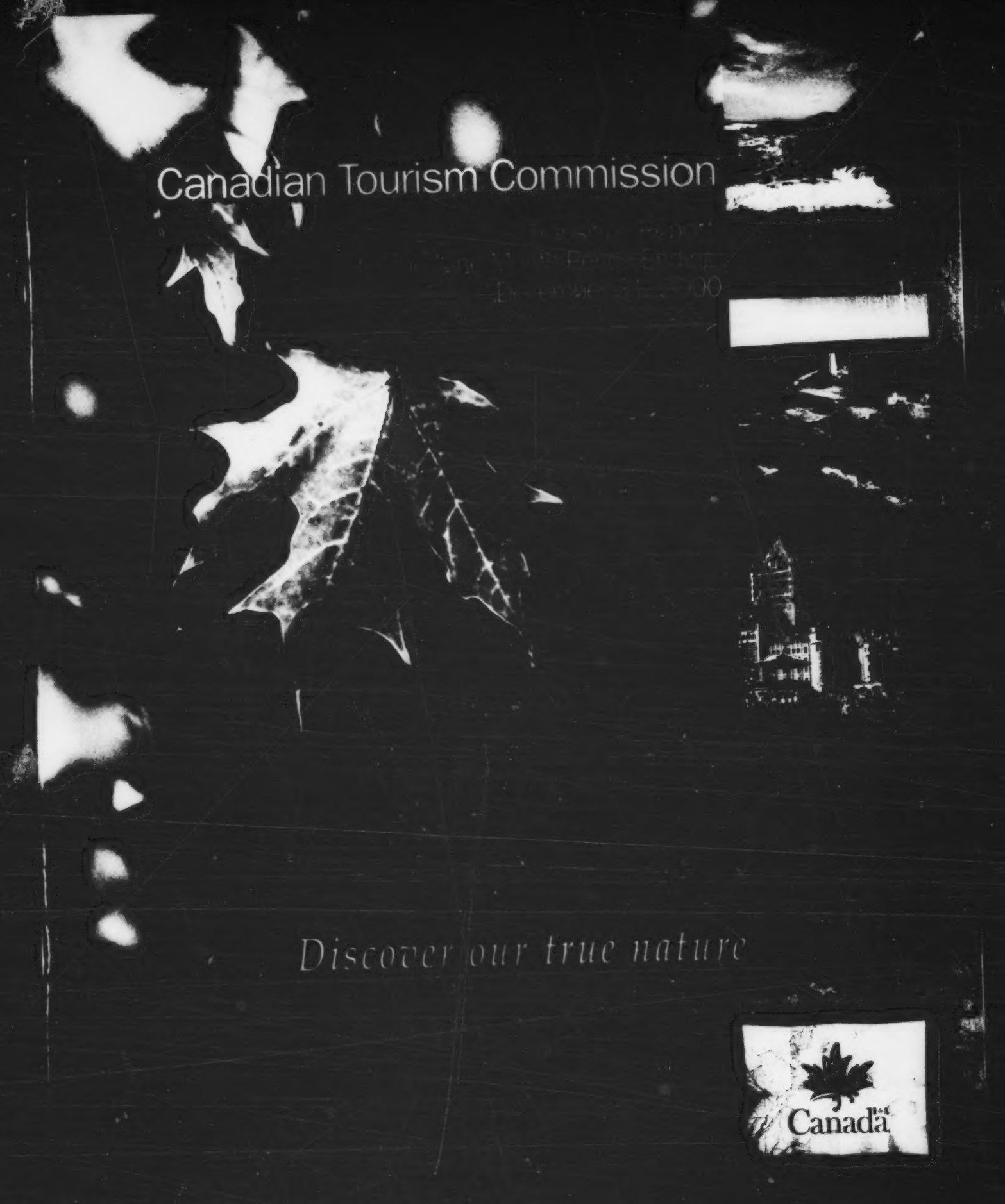
Canadian Tourism Commission
Discover our true nature
Canada

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The Canadian Tourism Commission (CTC) was created as a collaborative venture involving all the sectors of the tourism industry and the federal and provincial/territorial governments.

Effective January 2, 2001, the CTC became a Crown corporation with the objectives to:

sustain a vibrant and profitable Canadian tourism industry;

market Canada as a desirable tourist destination;

support a cooperative relationship between the private sector and the governments of Canada, the provinces and the territories with respect to Canadian tourism; and

provide information about Canadian tourism to the private sector and to the governments of Canada, the provinces and the territories.

LEFT TO RIGHT: CTC Chairman Judd Buchanan; current Minister of Industry, Brian Tobin; former Minister of Industry and currently Minister of Foreign Affairs, John Manley; CTC President, Jim Watson.

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INDUSTRY VISION

Canada will be the premier four-season destination to connect with nature and experience diverse cultures and communities.

INDUSTRY MISSION

Canada's tourism industry will deliver world-class cultural and leisure experiences year-round, while preserving and sharing Canada's clean, safe and natural environments. The industry will be guided by the values of respect, integrity and empathy.

Corporate Values *(as determined by employees)*

Integrity and Respect

We adhere to integrity and respect for others as guiding principles to success.

Teamwork

We value communication and interaction as key functions to working successfully as a team.

Client Driven Services

We provide value-added services and products to our clients to create an effective and competitive business environment within the Canadian tourism industry.

Quality and Professionalism

We seek to achieve the highest level of quality in everything we do; we conduct ourselves with the utmost professionalism; and we strive to be an organization that values and supports continuous learning.

Chairman's Message

Judd Buchanan,
Chairman of the Board

In the past year, the Canadian Tourism Commission has consolidated its innovative approach to doing business and promoting tourism in Canada.

What is particular - perhaps even unique - about the CTC's operation is the way it uses partnership.

The Commission doesn't just seek partners on a project-by-project basis. Its very structure is based on the notion of a full partnership between governments and the private sector.

Just look at the way the various program groups work.

Each CTC program takes its direction from a committee whose membership is drawn from all sectors of the tourism industry. These committees provide much of the creative thrust for the programs the CTC staff put into action.

From the beginning, the CTC accepted the federal government's challenge to seek matching funds from partners. In the past year, these contributions equalled more than one and a half of CTC program budgets.

This integrated partnership approach is bearing impressive results.

In 2000, tourism spending by Canadians and international visitors reached a record of $54.1 billion, an increase of 7.9 per cent over the previous year. As well, tourism provided direct employment for 546,400 Canadians.

One of the CTC's goals is to tackle Canada's travel deficit.

From a peak high of $6.4 billion in 1992, the travel deficit had been reduced to a record low of $1.7 billion in 1999. In 2000, the deficit increased to $2.1 billion. This increase can be explained by a combination of factors, most notably the continued growth in Canadian outbound travel. This reflected the strength of the Canadian economy and the strong demand for international travel among Canadians, particularly empty nesters and retirees.

The global tourism industry does not stand still. Exotic new destinations are vying for customers, and mature destinations are devoting big budgets to increase their market share.

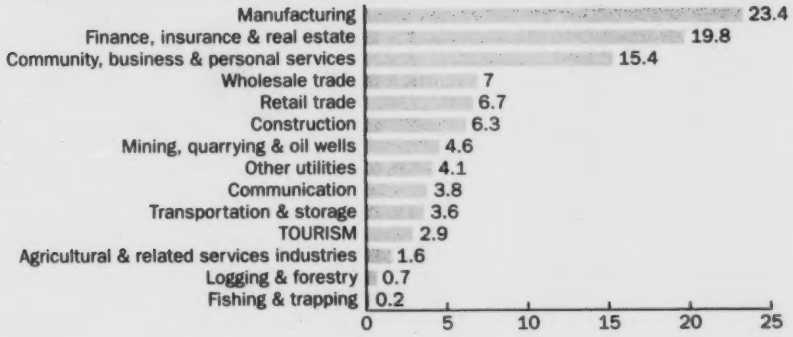
We've made progress in tourism over the past few years. But we're going to have to invest more - both financially and creatively - if we're going to be able to fight for market share in a very competitive global industry and weather unpredictable economic developments.

To keep Canada's tourism industry prosperous and growing, the CTC will have to find even more creative and innovative ways to market Canada's attractions and increase the industry's productivity.

The achievements of the past year show that the CTC and the Canadian tourism industry are up to the task.

I would like to thank the entire CTC staff, the Board of Directors, members of committees, and the CTC's new President, Jim Watson, for their dedication and hard work in contributing to the year's success.

TOP CANADIAN INDUSTRIES BY SHARE OF GDP



President's Message

The CTC is an exciting new challenge for me. I came on board at an important juncture in the short history of the Commission. Much of my first six months as president was devoted to the myriad of tasks involved in the transition from a special operating agency of Industry Canada to Canada's newest Crown corporation. The new Crown status was effective on January 2, 2001.

Tourism is an important sector of the Canadian economy. In addition to its ability to sustain a high level of employment, in 2000 the tourism sector pumped over $16.8 billion in revenue to Canadian governments at all levels. We witnessed many successes and have good reason to celebrate. The CTC's marketing and sales activities captured awards in recognition of outstanding service and performance.

For example, the spring 2000 edition of Canada Now!, the CTC's trade newsletter in the United States, received a Gold Award from the International 2000 Gallery of Superb Printing Awards.

The CTC's meetings and incentive travel representatives in the United States earned a Gold Key Award for Service from Meetings and Conventions Magazine.

Another success story, the Canadian Tourism Exchange (CTX) attracted over 10,000 members to its database.

And, in the United Kingdom, readers of Condé Nast Traveler magazine voted Canada the world's best country to visit.

The list of accomplishments is both long and impressive. It is a tribute to the CTC team, our volunteer committee members and Board of Directors and, of course, the industry itself.

Despite these successes and the industry's strong performance, serious challenges remain if we are to move towards our common goal of making Canada the premier four-season destination.

One concern is that the worth of tourism to the economy is not fully appreciated. To correct that, I want to raise the profile of the tourism industry and the CTC's role in the industry, in Canada and around the world. We should not be modest about highlighting our successes. In fact, we need to do a better job explaining the importance of tourism to the economic well-being of communities, provinces and territories throughout Canada.

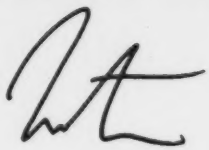
In my travels last year, I have had the opportunity to meet with literally hundreds of tourism operators, suppliers and officials. I heard for myself the industry's support for the CTC and its activities, and their ideas for improving how we do business.

Canada faces intense competition in its traditional markets. If Canada is to maintain market share, let alone increase it, more marketing dollars are imperative. Likewise, increased funding is needed if Canada is to explore opportunities in emerging markets, such as China and India.

The level of support from our partners has been outstanding. But in light of the pressing need for more combined funds, we will work even harder to attract more partners to our programs. In particular, we want to reach out to non-traditional partners.

As I have noted above, the successes of the past year are due to many, including an incredibly talented and dedicated Board and staff. In closing, I wish to acknowledge the contributions of past president Doug Fyfe and interim president Terry Francis.

And my deepest appreciation goes to our chair, Judd Buchanan, for his continued support.



Jim Watson,
President and CEO

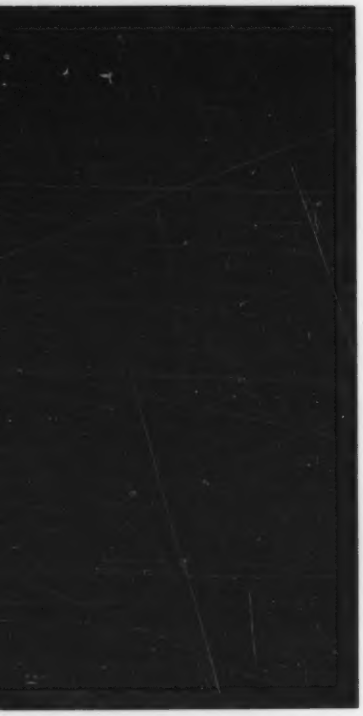
WORLD'S TOP TOURISM DESTINATIONS 2000

INTERNATIONAL TOURISTS

	Arrivals (millions)	Market Share
1. France	75.5	10.8%
2. United States	50.9	7.3%
3. Spain	48.2	6.9%
4. Italy	41.2	5.9%
5. China	31.2	4.5%
6. United Kingdom	24.9	3.6%
7. Russian Federation	21.2	3.0%
8. Mexico	20.6	3.0%
9. Canada	20.4	2.9%
10. Germany	19.0	2.7%
11. Austria	18.0	2.6%
12. Poland*	18.0	2.6%
13. Hungary	15.8	2.2%
14. Hong Kong (China)	13.1	1.9%
15. Greece	12.5	1.8%

* Only 1999 data available.

Industry Performance



Tourism is an increasingly important sector of the Canadian economy.

The tourism Gross Domestic Product reached $21.8 billion in 2000.

Total government revenues from tourism were $16.8 billion.

- Federal government, $9.2 billion
- Provincial/territorial governments, $6.5 billion
- Municipal governments, $ 1.1 billion

Canada attracted 19.6 million international overnight visitors in the year 2000.

The spending by all international travellers to Canada reached $15.9 billion, an increase of 5.2 per cent over 1999. That makes tourism one of Canada's top foreign exchange earners.

Tourism provides jobs in many sectors – transportation, accommodation, food and beverage services, recreation and entertainment, and travel agencies. Tourism drives employment and provides jobs for Canadians in every part of the country. In 2000, the total employment directly related to tourism was 546,400, an increase of 4.2 per cent over 1999.

The growth of jobs in tourism outpaced the 3.7 per cent growth in jobs in the total business sector.

In the year 2000, the cost of tourism products increased more than costs for other consumer products. This made Canadian tourism more expensive for Canadians and international visitors alike. The Tourism Price Index rose by 4.4 per cent; the Consumer Price Index increased by 2.7 per cent. Higher fuel costs were partly responsible. Spending on transportation increased by 11.6 per cent compared to 1999. Spending on accommodations for travellers increased by 5.7 per cent over 1999.

Canadians spent $18.0 billion on foreign travel outside Canada, for an increase of 7.0 per cent over their foreign spending in 1999.

The difference between spending of Canadians abroad and international travellers to Canada resulted in a travel deficit of $2.1 billion, a 22 per cent increase over 1999.

The World Tourism Organization ranks Canada as one of the most popular destinations in the world. In 2000, according to preliminary estimates, Canada held the ninth position and a 2.9 per cent share of the global international tourism travel market. Also, Canada ranked in the ninth position among the world's top tourism earners, with a 2.3 per cent share of total international tourism receipts.

YEAR 2000 RESULTS

Tourism Gross Domestic Product	**$21.8 billion**
Tourism share of GDP	**2.4%**
Employment	**546,400 jobs**
Tourism's contribution to governments through taxes	**$ 16.8 billion**
Total tourism expenditures	**$54.1 billion**
Total tourism exports (excluding air fares)	**$ 15.9 billion**
Tourism domestic demand (spending by Canadians)	**$ 37.9 billion**

CTC Overview

Partnership in action

The Canadian Tourism Commission is a public-private partnership, whose mandate is to plan, direct, manage and implement programs to generate and promote tourism to and in Canada.

In its structure and mode of operation the Commission demonstrates its fundamental commitment to the principle of partnership.

The industry-led Board of Directors sets overall strategic policy and direction for the CTC. Its 26 members include representatives of all sectors of the Canadian tourism industry and all regions of Canada. Membership is drawn from both the private and public sectors.

The Board selects the chairs for the working committees that deliver CTC programs. The committee, whose chair is from the private sector, develops the strategic plan and tactics for the programs.

Six working committees are responsible for geographically defined markets for leisure and business travel. Two others focus on research and industry and product development activities. The newest one is dedicated to strengthening the industry's use of technology.

The working committees are:

Canada Marketing

U.S. Leisure Marketing

U.S. Meetings, Conventions and Incentive Travel Marketing

Latin America Marketing

Europe Marketing

Asia-Pacific Marketing

Research

Industry and Product Development

Technology

Each program is led by an executive committee comprised of representatives from both the private and public sectors.

Staff

A qualified workforce of 84 supports the Board and the committees in their work.

Staff in marketing, research, industry and product development and corporate and information services work from the CTC Ottawa offices.

They provide expertise and information so that committees may develop the best strategic programs. Once the Board has approved programs, it is the task of the staff to implement activities in collaboration with the committees. The staff also work with industry and public sector partners to obtain support for the programs and to monitor the work to ensure it is done in a businesslike and efficient manner.

A global sales force of 73 professionals is stationed in major CTC markets in the United States, Latin America, Europe and the Asia-Pacific region.

Partners

The CTC is dedicated to partnership in all its projects. In the past year, the CTC worked in partnership with:

departments of government at every order - federal, provincial/territorial, and municipal;

destination management organizations and visitors and convention bureaus;

major transportation carriers;

major hotels and resorts;

businesses in the food and beverage, recreation and entertainment industries;

the professional travel trade - wholesalers, "receptives," tour operators and travel agencies;

museums, theatres, parks, wilderness reserves and other attractions, their expert guides and interpreters;

thousands of tourism businesses, small, medium, and large, in communities across the country;

other partners in Canada and abroad in non-tourism industries; and

non-traditional partners, such as Canada Dry and Maserati.

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The CTC is funded by the federal government, with the goal of matching this investment with partner contributions in joint marketing activities. In January 2001, the CTC became a Crown corporation and the financial year-end was changed from March 31 to December 31. The resulting 2000 year is a transitional year with the reporting period being a nine month period from April 1 to December 31, 2000.

As of December 31, 2000, $31.7 million had been spent by the CTC, out of a fiscal year budget of $81.2 million. The remainder of the expenditures were planned to occur during 2001.

For the nine-month period, the tourism partnership totalled $57.3 million, broken down as follows:

Americas	$26.3 million
Domestic	$ 2.3 million
Overseas	$26.1 million
Others	$ 2.6 million

Partner buy-in represents the endorsement/ownership of the CTC programs within the tourism industry. Partner figures are a determination of the associated partner activities and include a combination of activities administered by the CTC, those administered by third parties and in-kind transactions. Partner activities include the additional value of overall tourism programs within which the CTC is participating.

TRANSITION EXPENDITURES ($ thousands)	
MARKETING & SALES	
US Leisure Travel	5,333
US MC & IT	2,097
Canada	2,068
Europe	5,367
Asia/Pacific	4,719
Latin America	584
	20,168
INDUSTRY & PRODUCT DEVELOPMENT	715
INFORMATION & CORPORATE SERVICES	
Research	711
Communications and Special Events	709
Other	1,931
	3,351
OPERATING TOTAL	24,234
PERSONNEL COSTS	7,505
TOTAL	$31,739

Growth in all international markets

In 2000, all tourism international markets posted growth in both overnight trips and receipts. Canadian and international visitors combined took over 91 million overnight trips to Canada and within Canada. This was a decrease of 2.6 per cent over the previous year.

Canadians counted for 80 per cent of the trips and 70 per cent of receipts. They took 71.9 million overnight trips to other Canadian destinations on which they spent $15.4 billion on hotels, restaurant meals, entertainment tickets and other travel related expenses. This represents a decrease from the previous year of 3.6 per cent in both volume and receipts.

International overnight travel to Canada

Canada's most important international market is the United States, accounting for some 78 per cent of international overnight trips to Canada in 2000 and over 60 per cent of international receipts. Both leisure and business overnight travel from the United States posted a small increase in 2000 over the previous year. This is the lowest rate of growth achieved since 1995. This slower growth of the U.S. market reflected the softening economic conditions that began to emerge in the later part of the year.

Overseas markets overall posted a 4.9 per cent increase in 2000 in overnight visitation to Canada over the previous year. In 2000, Canada hosted almost 4.4 million overnight visits from overseas countries. The Asia/Pacific region continued to show evidence of a recovery from the economic disturbances it faced during the late 90s with a volume growth of 5.6 per cent. Europe maintained its pace with a 4.0 per cent growth. The strength of overseas markets was largely due to the performances of South Korea, Australia, Mexico and the United Kingdom, which posted increases in overnight travel to Canada of 35.4 per cent, 13.2 per cent, 12.2 per cent and 10.9 per cent, respectively.

International overnight receipts

International overnight travellers spent $15.9 billion on travel to Canada in 2000, excluding airfares. This represented a growth of 5.2 per cent compared to the previous year, which translated into an increase of $780 million in foreign exchange earnings. Some 46 per cent of this amount came from the U.S. market and the other 54 per cent from overseas markets, largely from the Asia/Pacific region. To appreciate the magnitude of international overnight receipts to Canada, the $15.9 billion represents daily average foreign exchange earnings of $43 million.

In 2000, the currencies of several important countries in Europe and Asia lost ground to the Canadian dollar. That made travel to Canada more expensive from several of our strongest and most mature markets. In addition to creating a downward pressure for travel to Canada, it also influenced travel behaviours and spending patterns. This was particularly notable in the European market, where volume increased by 4.0 per cent, but receipts by only 1.7 per cent.

MARKET PERFORMANCE

OVERNIGHT TRIPS (thousands)

	2000	1999	change
Canada*	71,885	74,562	-3.6%
U.S. Leisure	12,862	12,828	+0.3%
U.S. MC&IT	2,363	2,352	+0.4%
Latin America	400	369	+8.3%
Europe	2,476	2,382	+4.0%
Asia-Pacific	1,430	1,354	+5.6%

REVENUES ($ billions)

	2000	1999	change
Canada*	15.359	15.931	-3.6%
U.S. Leisure	5.666	5.432	+4.3%
U.S. MC&IT	1.782	1.717	+3.8%
Latin America	0.539	0.450	+19.7%
Europe	2.753	2.707	+1.7%
Asia-Pacific	1.775	1.616	+9.9%

* Estimated in the absence of current domestic data.

GLOBAL BRANDING

A brand is a trigger that sparks instant recognition. The words and symbols of the brand become automatically associated with the product they represent.

In the hands of skilful marketers, a brand is a powerful tool to build awareness and to communicate positive qualities about a product.

In the year 2000, the CTC's six marketing programs worked together on a project to choose a single brand - a global brand - for Canada. Previously each market program had its own brand. That made for several different sets of slogans and creative artwork, all to promote the same destination - Canada.

After months of research, consultation and focus groups, one brand stood out above all the others:

"Canada. Discover our true nature."

The slogan captures the essence of what the CTC's marketing groups want to say: Come for a visit. Experience Canada. Find out for yourself what we're like. Explore our (human) nature ... and our Great Outdoors.

Along with the slogan, the brand includes elements to be used in all print and electronic promotions.

The Canada marketing program was the first to use the new brand in its print and television ads in autumn 2000. Other market programs will incorporate the brand into their marketing materials in 2001.

To remain competitive, Canadian tourism businesses need to constantly develop new products and overcome barriers to their activities. The role of the CTC's Industry and Product Development groups is to provide support to the industry in meeting these challenges.

The Industry Development group deals with structural, institutional and regulatory barriers to industry growth.

The Product Development group works with tourism businesses to enhance their products, develop new products and create cooperative marketing strategies.

In 2000, the Industry Development group tackled such issues as employment authorizations for foreign media crews, visa requirements, customs and duty consequences of importing rental vehicles, and liability insurance.

Improving the business climate

In 2000, the Industry Development group organized the first-ever meeting on border issues. Participants included the CTC, several federal departments, such as Foreign Affairs and International Trade, Finance, Citizenship and Immigration, Human Resources Development, and the Canada Customs and Revenue Agency.

These discussions led to practical suggestions to ease the entry of foreign visitors and tourism workers.

A new guide for publications was produced to help operators in the adventure, ecotourism and ski sectors deal with the difficult challenges of risk management and insurance.

There is a growing shortage of trained tourism staff in some sectors, and this shortage is forecast to grow. The Industry Development group will work closely with the Tourism Industry Association of Canada and the Canadian Tourism Human Resource Council to find solutions.

"Product Clubs," learning vacations and cuisine

One of the most successful initiatives of the Product Development group is the Product Club program. The purpose of this program is to bring together like-minded businesses or organizations to work together to improve their "market readiness." So far 31 clubs have formed; they represent more than 5,000 businesses.

A highlight of the year was the annual "superclub meeting." All clubs, past and present, got together to share ideas and best practices, and to learn about new CTC initiatives.

The Product Development group sponsored a series of "round tables," brainstorming sessions for experts to discuss developing cuisine as an integral part of Canada's tourism offering. Participants included chefs, restaurators, food processors, producers and food journalists.

Learning vacations are a hot new trend in the travel market. Digging for dinosaur bones, banding birds, studying architecture -- these are experiences with great appeal for tourists.

The Industry and Product Development, and the U.S. Leisure committees believe Canada has potential to be a leader in marketing learning vacations. They set up a task force on learning/experiential vacations with representatives from provinces, Parks Canada and attractions.

The task force analysed the market for learning vacations and produced an inventory of market-ready products, which is being distributed to the travel trade.

Looking ahead

Priority will be placed on coordination between CTC product development and marketing programs so that operators, particularly small businesses graduating from the Product Club Program, can make the transition to marketing.

A challenge for the Canada Marketing program is to convince more Canadians to discover the nearly infinite possibilities for travel here at home.

Getting Canadians to consider Canada first

Canada's marketing committee decided to make Canada the lead market for the new Canada global brand. It felt the time was right for an energetic new approach to advertising and communications. The Canada Marketing program produced a new winter insert that sported the brand's attractive look and format and the slogan, Discover Our True Nature. The insert was distributed in 25 major dailies and mailed to a consumer database of 130,000 names. Altogether, over 3.5 million households in Canada received the newly branded winter insert.

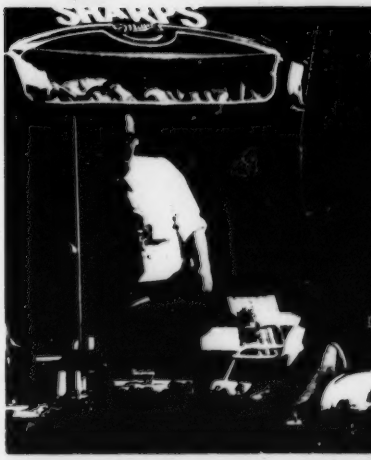
In a departure from the previous practice of teaming tourism advertising with ads for other products, the program opted for a television campaign with a pure Canada travel message. The ads were placed on conventional and specialty television networks in French and English. The message was strong and simple: Canada is worth visiting!

For the second consecutive year, the Canada and U.S. Leisure Travel programs joined forces for an integrated adventure travel campaign of magazine and newspaper ads, Internet ads, an adventure guide and direct mail. As an added bonus, travel agents were invited to participate in adventure workshops. The campaign was highly successful, with 84 partners and nearly 18,000 guides distributed in Canada. And over 100 Canadian travel agents were briefed on new adventure products.

In 2000, the Canada Marketing group rejuvenated the Regional Tourism Initiatives Program to provide stronger marketing assistance to SMEs. The project encouraged groups of SMEs to work together by forming consortia.

One such consortium, the Association des Relais Santé, drew up a marketing campaign to promote their spas. The CTC provided partnered funding in integrated campaigns.

One challenge for the industry is that the lion's share of Canadian travel products are actually developed for *foreign* markets. The CTC is trying to get Canadian travel agents to sell some of these products to Canadian consumers. To do this, the CTC and the Canadian Institute of Travel Counsellors developed and ran workshops and seminars to educate travel agents about the variety of Canadian travel products available.



Looking ahead

For 2001, the goal is to strengthen awareness and tactical activities, in order to achieve greater visibility for products and drive consumer demand directly to partners. To accomplish this, the program will undertake the following:

a fully integrated approach for all advertising activities;

a new approach to generate brand awareness and create a single consistent brand image for Canada;

the adoption of the product cluster model in all communications;

more targeted efforts to also reach the mature market of people aged 55 and over;

promotion of the summer vacation period; and

work with the travel trade to develop more retail-oriented activities.

	Target	Result*	Above/below target*
Overnight trips	**76,799,000**	**71,885,000**	**-6.4%**
Spending	**$16.9 B**	**$15.4 B**	**-8.9%**

*** Estimated in the absence of current domestic data.**

The strategy of the U.S. Leisure Marketing Committee is to raise awareness of Canada through advertising as well as media relations and promotions, and offer clusters of products that American travellers want, such as touring, adventure, ski/winter, history and culture, and cities and resorts.

New markets and media interest

The marketing program was extended to two additional cities that have good potential for Canada - Phoenix and Atlanta. The CTC has been conducting such programs in New York, Boston, Chicago, Minneapolis, San Francisco, Los Angeles, Dallas and Miami for a number of years.

The newspaper program was revamped mid-season to respond to industry needs. A new tabloid format offered partners more affordable ads, a choice of black and white or colour, a choice of markets and flexible dates. As a result, more small and medium size enterprises could afford to buy in.

In line with market needs, an expert task force on learning vacations was set up. The project compiled an inventory of market-ready package tours and raw products suitable for group travel and the fully independent traveller's market. The next step is a pilot marketing project in 2001.

A new in-country U.S. advisory committee was created. It consists of 22 top U.S. customers including a number of wholesalers, tour operators and others in the travel trade. The committee met for the first time in Halifax in September. Its mandate is to advise on consumer buying patterns and trends in the United States.

The industry proposals program supported initiatives with partners such as the provinces, the Yukon Territory, spa operators, the golf industry and the wine and food industry.

Press and media visits, promotions and special events all encouraged free editorial coverage for Canada in major print and broadcast media.

At the Media Marketplace in Los Angeles, Canadian partners met with 164 influential American journalists. Also, the CTC recognized excellence in travel journalism with its own awards ceremony, the Northern Lights Awards. Some 80 partners - including airlines, accommodations and destinations - supported the marketplace and awards.

Some of the year's top stories were an article in Time magazine about Canada as an eco-tourism destination and a series in Forbes about outdoor adventure.

Television highlights included segments on Martha Stewart Living about the Yukon and a one-hour special on white water rafting for National Geographic Television.

Total value of the media coverage for the year reached $185 million.

The media newsletter, *What's News in Canada*, went out twice to 5,800 individual media outlets. One item in the newsletter about Quebec's Ice Hotel was directly responsible for six feature stories in major dailies and two national television reports.

For the travel trade, the quarterly *Canada Now!* gave information about commissionable products for all four seasons. It reached 30,000 travel agents, Canada specialists, tour operators, wholesalers and Canadian receptive operators.

Looking ahead

Canada will seek to satisfy Americans' appetite for new travel products, more choices for every season and short getaway vacations. The aim is to capture new consumers and convince previous visitors to come again.

	Target	Result	Above/below target
Overnight trips	**13,123,000**	**12,862,000**	**-2.0%**
Spending	**$5.70 B**	**$5.67 B**	**-0.5%**

U.S. Meetings, Conventions and Incentive Travel (MC&IT) Market

In 2000, the goal of the U.S. Meetings, Conventions and Incentive Travel Market group was to make Canada the preferred destination among business travel leaders. Business travel is a very lucrative market. These travellers spend more on accommodation, food and entertainment than leisure travellers.

Canada's strategy is to be seen in all the right places. This involves advertising in planning magazines and on Web sites, attending trade shows and special events, and building relationships with key accounts.

As an American planner commented to the CTC, "What's going on? -- Canada is everywhere!" That's the whole point - and to translate that visibility into increased sales.

"In your face" strategy

The annual planning guide, Canada's Destination Guide for Meetings, Conventions & Incentives, was the most successful ever. Sixty-one partners invested in ads and listings. Circulation was 250,000. Due to more affordable opportunities, there was greater participation from small- and medium-sized enterprises.

An expanded media buy put the accent on affordability and flexibility. Again, more partners took part and placed ads in top planning magazines. A number of destinations, including Edmonton, participated for the first time.

Special events, such as the summer's Swing through Canada Golf Tournament and the Maple Leaf Classic, gave Canadian partners the opportunity to network with planners in a casual atmosphere.

The U.S. MC&IT sales force set performance targets to take on new key accounts. Two new staff were hired to cover the east coast corporate and incentive markets and the insurance market. The sales team generated 405 leads representing more than $189 million in potential business for Canadian partners.

With partners from British Columbia and Alberta, Canada hosted the seventh annual Trailblazers, an incentive travel marketplace, aboard the Rocky Mountaineer Railtour. The sold-out event brought together Canadian suppliers and U.S. buyers for one-on-one sales meetings. The event was co-sponsored by Canada and four national tourism partners from the United Kingdom, Denmark, New Zealand and Fiji - proving that co-operation, even among competitors, benefits everyone. Trailblazers resulted in 28 leads with a potential value of $2.1 million worth of business for Canadian suppliers.

Looking ahead

The MC&IT program thinks global as it takes its approach to overseas and domestic markets. The CTC and partners will work to ensure the high quality of Canadian products. They will try to encourage more business travel during non-peak seasons to take advantage of capacity.

A serious challenge remains for some Canadian destinations: the space of meeting facilities is too small to handle large U.S. meetings and conventions.

	Target	Result	Above/below target
Overnight trips	**2,411,000**	**2,362,500**	**-2.0%**
Spending	**$1.82 B**	**$1.78 B**	**-2.2%**

Latin America Market

With a modest budget, the Latin American program is having an impact on three key markets - Mexico, Brazil, and Argentina.

The primary goal is to work with the media to raise awareness of Canada, and with the travel trade to educate them about travel products.

Mexican travellers to Canada for pre-Christmas shopping trips and Easter skiing holidays are numerous. In Brazil, there is growing interest in more destinations and in conducting business travel in Canadian cities. In Argentina, the media and travel trade are paying attention to Canada.

Getting good returns on investment

In October at the first-ever media luncheon in Mexico City, 12 major Canadian suppliers met with representatives from top print and electronic media. The meeting generated a real buzz about Canada and significant media coverage. As a result, a number of media arranged immediate visits to Canada.

Canada produced an insert for the travel section of a daily newspaper, Uno Más Uno, with a readership of 110,000. The insert promoted skiing, snowmobiling and other winter products that are carried by 20 Mexican tour operators.

After five years of strong performance resulting in more than 100,000 visitors a year, Mexico graduated from an emerging market to a secondary market. This meant more investment and more activities in the market.

In Brazil, a direct mail campaign - partnered with a local Brazilian tour operator and VISA - featured winter ski packages to Whistler and Tremblant resorts. Consumer response was strong. Visitor arrivals in one month alone grew by 45 per cent compared to the previous year.

Ten Brazilian tour operators added Canada and Canadian adventure products to their programs.

Also in Brazil, six tour operators cooperated to sell medium-priced package tours to Canada. Through advertising, brochures, direct mail and organized educational seminars for travel agents, they promoted the tours. The result was more than 2,400 travel packages to Quebec, Ontario, Alberta and British Columbia.

In Argentina, four seasonal newsletters were distributed to 8,000 travel trade professionals and media. The newsletters provided general information about Canadian travel products, partners' ads and a list of tour operators.

Surpassing goals

The goal was 210,000 overnight trips from Mexico, Brazil and Argentina, but markets performed even better with a combined total of 215,200 trips. This represents an increase of 11.6 per cent over 1999.

The entire region, including the Caribbean, Central America and South America, was strong. There were 400,100 trips to Canada, a 8.3 per cent increase over 1999. Spending reached $539 million, an increase of 19.7 per cent compared to 1999.

Looking ahead

Given the large size of these countries and their competitive markets, Canada's presence is relatively limited. Still, consumers and media are asking for more information about Canadian travel products.

In Mexico, three hundred thousand Visa customers who are frequent travellers will receive an insert with information about Canadian travel packages along with a monthly statement.

	Target	Result	Above/below target
Overnight trips	391,900	400,100	+2.1%
Spending	$ 0.459 B	$ 0.539 B	+17.4%

Europe Market

Europeans see Canada as a destination where they can get close to the natural world and enjoy experiences that are rare in their own countries.

The marketing program uses traditional methods - direct mail, print advertising, television and radio - and new media such as the Internet to make Europeans more aware of the richness of Canada's travel products. The program excels at creating innovative partnerships with retailers and other non-tourism businesses to build Canada's image and reach new consumers.

Lights, camera, Canada!

A television campaign in three major markets, the United Kingdom, France, and Germany, promoted Canada as a four-season *dream* destination. The ads combined a brand message for Canada and partner ads for specific products. A call to action resulted in more than 46,855 qualified responses. All received fulfillment packages with Canada's Visitor's Guides and holiday guides from partners. Five provinces and several airlines and tour companies took part.

Over a two-week period in June and July, the Europe Marketing group sponsored "sales missions" for small and medium-sized businesses only. Canadian delegations visited Germany, Switzerland, France and the Netherlands. The missions were highly successful. In Germany, for example, six Canadian companies and attractions from western and eastern Canada met with 30 German tour operators and travel agents.

To gain media exposure in Italy, Canada hosted the Maserati Canada 10,000 challenge. For Maserati this was a special promotion for their new 3200 GT coupe. They wanted to take the car on a "rally" from Montreal to the west coast to the Arctic to prove its mettle. For the CTC it was an excellent familiarization tour opportunity for a group of international journalists from the United States, Japan and Europe.

Results were strong. For Canada, there was extensive international media coverage, displays at major car shows in Paris and Bologna, and promotions at Maserati dealerships worldwide.

In Germany, a promotion with Twentieth Century Fox was linked to the premieres of films with Canadian themes: Grey Owl, starring Pierce Brosnan, and The Whole Nine Yards, with Bruce Willis. The campaign included television and store ads, and offered a raffle with prize trips to Toronto and Montreal. Six thousand new names went into the database - people who will be part of Canada's direct mail promotions and other marketing activities.

Looking ahead

Canada faces a number of challenges in the major European tourism markets:

Our major long-haul competitors -- the United States, Australia and South Africa -- continue to outspend Canada in European markets.

More competition is expected as the United States mounts a concerted, coordinated advertising and promotional campaign.

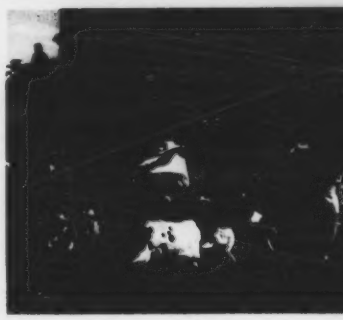
To meet these challenges, the CTC will:

Introduce a new industry proposal program to provide marketing support for innovative ideas;

Offer more opportunities for SMEs to participate;

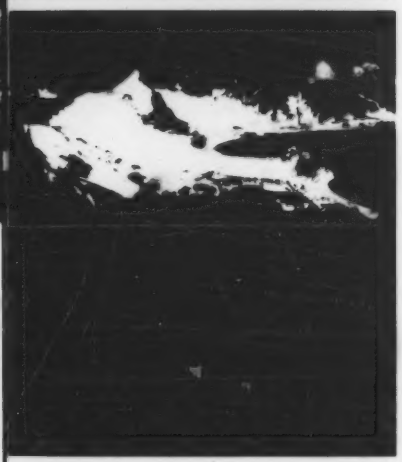
Strengthen efforts to educate the travel trade about Canadian products; and

Increase efforts with media to enlist the press to build awareness of Canada.



	Target	Result	Above/below target
Overnight trips	2,519,000	2,476,100	-1.7%
Spending	$2.93 B	$2.76 B	-6.1%

Asia/Pacific Market



Canada operates marketing programs in Japan, South Korea, Taiwan, Hong Kong, Australia, New Zealand and Southeast Asia.

The Asia/Pacific Market group wants to trigger the interest of consumers for year-round travel to Canada and raise awareness of more Canadian destinations and travel products. Seasonal products that have considerable appeal in this region include spring blossom viewing, fall foliage tours, winter aurora viewing and skiing.

Seasonal plenty

The well established Maple Kaido (Maple Route) program in Japan was successful in attracting visitors to Ontario, Quebec and new locations in Atlantic Canada for foliage tours. Aurora viewing tours for visitors from Japan and Taiwan operated at capacity in the Northwest Territories and expanded to the Yukon and northern Alberta.

To promote the "Colours of Canada" winter program for ski and other products, Canada placed special advertising on subway trains in Tokyo and Osaka. The promotions were called "train-jacks" (as in "hi-jacks") because, in effect, Canada took over entire subway cars and filled them with promotional material from Canadian destinations. The "train-jacks" were popular with both consumers and media.

The CTC opened its new office in Beijing, China, in autumn 2000. Canada is trying to obtain Approved Destination Status from the Chinese government in order to reduce hurdles for Chinese people to travel to Canada.

Canada increased investment in public and media relations in five key markets - Japan, South Korea, Taiwan, Australia and New Zealand - and in return achieved an estimated $23 million of editorial coverage. Television advertising is prohibitively expensive in these markets. Yet Canada received approximately $4.6 million worth of attention, thanks in part to the CTC's support for 15 television crews from these markets. Some of the media exposure came from non-traditional sources: for instance, several fashion catalogue companies from Taiwan visited Canada for photo shoots.

Canadian industry partners supported the media program with cash and in-kind contributions worth three times the value of the CTC's contribution.

Products such as skiing were so popular in Australia that five tour operators offered new or expanded brochures.

To serve the significant public appetite for information on the Web, Canada maintained local-language consumer sites in Japan, South Korea, Taiwan, Hong Kong, Australia and New Zealand. These sites contain destination information and pricing for Canadian products. All sites were linked to CTC and Canadian provincial and territorial sites.

Looking ahead

Lack of capacity on domestic Canadian flights from gateway cities to other locations in Canada resulted in lost business from Japan. Discussions with airline carriers were undertaken to find solutions.

The Today Show, a major Australian television program equivalent to Good Morning America, agreed to a live broadcast from Canada during an entire week in 2001.

For all markets there will be an emphasis on new products for which there is consumer demand: ecotourism, visits to World Heritage sites, shopping and cuisine in cities, fly/drive tours and educational tours.

	Target	Result	Above/below target
Overnight trips	1,427,700	1,430,000	+0.2%
Spending	$1.73 B	$1.78 B	+2.9%

Information and Corporate Services

As part of its objectives, the CTC provides information about Canadian tourism and its stakeholders. This task is largely fulfilled by the Research program.

A complex multi-million dollar organization such as the CTC needs strong and coordinated management systems. That is the job of the Corporate Services division.

Research

The CTC's Research unit works in partnership with major research and statistical organizations in Canada and the world to develop and organize data in meaningful ways that improve their information value to the industry. The goal is to help the tourism sector develop an understanding of its own size, structure and industry trends as well as trends in major economic conditions that affect it.

Sound methods produce valuable information

The Tourism Satellite Account (TSA) was endorsed by the United Nations Statistical Commission, May 2000. The TSA is a statistical tool to measure tourism in the economy. It permits a comparison of tourism with other major industries such as mining, agriculture and fisheries. In 2000, support for the TSA grew: 25 countries adopted its methods. Statistics Canada, the World Tourism Organization, OECD and Eurostat (the statistical agency of the European Community) were principal partners with the CTC in developing the TSA.

A review of the research and information functions of the CTC was carried out. A key recommendation was to make data and information more available to the industry, especially to small and medium size enterprises, in all regions of Canada.

Improvements were made to the way data are collected for the International Travel Survey. Professional interviewers were employed to conduct exit surveys at airports in Toronto, Montreal, Vancouver and Calgary.

A new centralized system of telephone interviews for the Canada Travel Survey (CTS) was implemented. The Research team began work to develop a stable formula to revise estimates for the CTS.

Looking ahead

The CTC hosts the first-ever World Conference on TSA in Vancouver, in May, 2001. The meeting sets the agenda for the next 10 years.

The group will work to make its data more accessible to the industry and assist businesses and destinations to apply research findings to their own planning and forecasting.

Tourism Reference and Documentation Centre (TRDC)

The TRDC is a resource of tourism industry information for the staff of the Commission as well as the tourism industry.

It has the largest and most comprehensive collection of material on the Canadian tourism industry, consisting of more than 6,000 books and over 400 journal titles. The Centre maintains a minor collection on the tourism industries in foreign countries. The Centre also makes extensive use of the Internet to access information and respond to reference questions.

In 2000, the TRDC responded to approximately 3,400 reference questions received from CTC staff, the industry, students, other government departments and organizations.

The TRDC provides an electronic media clipping service and publishes a weekly synopsis of the important tourism stories in Tourism Highlights. It reaches approximately 1,200 people through postings on three tourism Internet sites. It is also posted to the industry on CTX.

Other information products that the Centre maintains include databases of tourism organizations and tourism related conferences, the Canadian Tourism Index and a catalogue of the holdings of the Centre. A vertical file on current journal and newspaper articles, pamphlets and other information

Financial Services

In order to prepare for Crown corporation status and to ensure a high level of corporate governance and public funds stewardship, contracting and financial policies were developed that are adapted to the specific operations of the CTC, while maintaining the standards required by the *Financial Administration Act* and Treasury Board. Financial systems and processes were developed including the implementation of a new financial information system to provide management with enhanced information about the resources used to achieve the objectives of the Commission.

Technology

The Board established a new Technology Committee comprised of industry leaders in the field to help the CTC incorporate the most effective "e-strategies" for all operations, including communication with stakeholders and marketing activities.

CTC's comprehensive consumer Web site, travelcanada.ca, provides general and specific information about destinations and travel products.

The business site, located at canadatourism.com, is home to the Canadian Tourism Exchange (CTX) Business Centre and the CTC Partner Centre. Both are interactive - making it possible for businesses to forge new links among themselves and communicate with the CTC.

The CTX continued to expand and reached 10,000 subscribers.

The goal for the year 2001 is to put systems in place that support the e-strategy developed by the industry-led Technology Committee.

Communications Services

Communiqué, CTC's monthly news and information magazine, is published in French and English. With a circulation of 24,000 and readership of more than 65,000, *Communiqué* has a wide audience in Canada and the world. In 2000, *Communiqué* published 11 issues.

Human Resources

Most of the efforts for Human Resources during 2000 were focussed on implementing a policy framework that would ensure a smooth transition to Crown corporation status.

Several human resource policies were developed and approved by the Board of Directors. These policies cover a range of areas, including recruitment and staffing, continuous learning and career development, recourse mechanisms, official languages and pay equity.

During the process of developing programs and policies, extensive consultations with staff and unions took place. An important aspect of the transition process related to pensions and benefits packages, which were protected during the transition and for a further three-year period, while new pension and benefits packages were being prepared.

A new Human Resources Information System and Intranet site were developed and implemented. During 2000, a communications plan aimed at keeping all employees informed of the most recent developments during the transition period was developed and implemented. It included regular staff meetings, newsletters and the provision for a hot-line.

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